



Patrick W. Henning, Director

September 9, 2008
22M:344:mdh:8033



Arnold Schwarzenegger
Governor

Ms. Cynthia D. Banks, Director
County of Los Angeles
Department of Community and Senior Services
3175 West Sixth Street, Suite 300
Los Angeles, CA 90020

Dear Ms. Banks:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the County of Los Angeles Department of Community and Senior Services' (LADCSS) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Ms. Mechelle Hayes from January 22, 2008, through February 1, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by LADCSS with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with LADCSS representatives, and service provider staff. In addition, this report includes the results of our review of selected case files, LADCSS' response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on July 24, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings 1-4, 7-9, 12 and 13 cited in the draft report, no further action is required at this time. However, these issues will remain open until we verify your implementation of your stated corrective action plan during a future onsite review or receive documentation demonstrating implementation of your corrective action plan (CAP). Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 80120-23, 80126-28, 80131 and 80132.

However, your response did not adequately address findings 5, 6, 10, 11, or 14 cited in the draft report, we consider these findings unresolved. We requested that LADCSS provide the Compliance Review Division (CRD) with additional information and/or a CAP to resolve the issues that led to the findings. Therefore, these findings remain open and have been assigned CATS numbers 80124, 80125, 80129, 80130, and 80133.

BACKGROUND

The LADCSS was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, LADCSS was allocated: \$10,196,580 to serve 1,861 adult participants; \$10,662,408 to serve 3,556 youth participants; and \$7,153,904 to serve 1,354 dislocated worker participants.

For the quarter ending December 31, 2007, LADCSS reported the following expenditures for its WIA programs: \$2,575,777 for adult participants; \$2,338,498 for youth participants; and \$2,428,591 for dislocated worker participants. In addition, LADCSS reported the following enrollments: 1,170 adult participants; 852 youth participants; and 2,275 dislocated worker participants. We reviewed case files for 42 of the 4,297 participants enrolled in the WIA program as of December 31, 2008.

PROGRAM REVIEW RESULTS

While we concluded that, overall, LADCSS is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Memorandum of Understanding (MOU), WIB composition, subrecipient monitoring, 90-day gap in service, Job Training Automation (JTA) coding, incident reporting, nondiscrimination/equal opportunity participant notification, program grievance/complaint participant notification, dislocated worker eligibility, selective service registration, customized training, contract payments, WIA tuition and training refund policy, and supportive services. The findings that we identified in these areas, our recommendations, and LADCSS proposed resolution of the findings are specified below.

FINDING 1

Requirement:

WIA Section 118(c)(1-2)(A)(i-iv)(B) describes the development and contents of MOU's between the Local Board and One-Stop partners.

20 CFR Section 662.300(a) and (b) states, in part, that the MOU is an agreement developed and executed between the Local Board, with the agreement of the chief elected official, and the One-Stop partners relating to the operation of the One-Stop delivery system in the local area. Additionally, the MOU must contain provisions that cover services to be provided through the One-Stop delivery system, funding of the services, operating costs of the system, methods for referring individuals between the One-Stop operator and partners, duration, and procedures for amending the MOU.

20 CFR 662.310(b) states, in part, that Local Workforce Investment Boards (LWIB), local chief elected officials and partners may request assistance from the State agency that is responsible for administering the non-signing partner program from the Governor, from the California Workforce Investment Board (CWIB), and from other parties. If a good faith negotiation fails to result in agreement, the LWIB and affected partners must document the negotiations and efforts that have taken place and must each report the inability to reach agreement to the Governor or CWIB and the State agency that is responsible for administering the program(s) of the partner(s) with whom agreement could not be reached.

WIAD05-6 states, in part, that in the event that a LWIB has concluded that there is negotiations impasse, it shall inform the affected required One-Stop partners that the provision of 662.310(b) of the federal WIA Regulations must be implemented by the LWIB and the affected partners.

Observation:

The LADCSS identified 20 One-Stop Centers funded in whole or in part by LADCSS' WIA funds. Each One-Stop Center was required to provide a MOU for 11 mandatory partner categories; a total of 220 MOUs. The LADCSS provided 143 of 220 MOUs. Of the 143 MOUs provided 22 were missing one or more signatures.

We found that each One-Stop uses a different MOU format and some One-Stops are using one or more MOU format. Some of these MOUs are missing required elements such as funding of the services, operating costs of the system, methods for referring individuals between the One-Stop operator and partners, and/or procedures for amending the MOU.

On October 10, 2007, LADCSS provided a CAP to CRD that stated, in part, that training on MOU and RSA preparation was provided to LADCSS' One-Stop Centers on September 5 and 11, 2007. Additionally, LADCSS stated that the One-Stop Centers have 45-days to submit the MOU and RSA. In the event of an impasse, LADCSS will notify CRD and other State partners in accordance with WIAD05-6 and WIA Regulations 662.200(b) and 662.310(b). Additionally, a communication will be issued by LADCSS to its One-Stop lead agencies requiring submittal of MOUs and RSAs. This communication will reiterate the sanctions that may be applied as allowed under the subgrant or contract. Finally, the MOU and RSA will become part of the series of required documents in subgrant or contract between each One-Stop Center lead agency and LADCSS commencing in PY 2007-08. Therefore, contracts will not be executed until these required documents are submitted to LADCSS.

We found similar issues in PYs 2001-02, 2002-03, 2003-04, 2005-06, and 2006-07.

On April 24, 2008 we received LADCSS' response to the PY 2006-07 Final Program Report. The LADCSS attached letters dated March 6, 2008 that were sent to the ten One-Stops that had not submitted their RSAs. The letters places those ten One-Stops on probation for 30 days. If at the end of the 30 days, LADCSS had not received their RSAs, the One-Stops will be placed on fiscal probation and their payments will be withheld pending receipt of their RSA.

Recommendation: Because the 30-day probation period for the ten One-Stop centers has passed, we recommended that LADCSS implement the CAP submitted on April 24, 2008. We also recommended that LADCSS review each One-Stop MOU to ensure that it is signed and contains all of the required elements including the funding of the services, operating costs of the system, methods

for referring individuals between the One-Stop operator and partners, and/or procedures for amending the MOU.

LADCSS Response: The LADCSS stated it received MOUs from all current One-Stop Centers. The LADCSS is reviewing each MOU, as well as the RSAs, to ensure that it is signed and contains all of the required elements. The LADCSS provided the following timeline:

- September 22, 2008 – complete the review process
- September 25, 2008 – contact One-Stop Centers with deficient MOUs/RSAs and request corrections/missing information
- October 27, 2008 – deadline for One-Stop Centers to provide corrections/missing information
- November 13, 2008 – Los Angeles County Workforce Investment Board (LACWIB) notified of noncompliant MOUs/RSAs
- January 15, 2009 – LADCSS completes follow-up of recommendations from LACWIB
- January 31, 2009 – Signed and completed MOUs/RSAs submitted to EDD

State Conclusion: The LADCSS' stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we receive copies of the completed MOUs/RSAs. Until then, this finding is assigned CATS number 80120.

FINDING 2

Requirement: WIA Section 117(b)(2)(A)(iii) states, in part, that the membership of each Local Board shall include representatives of labor organizations.

20 CFR Section 661.315(a) states, in part, that the Local Board must include two or more members representing the categories described in WIA 117(b)(2)(A)(iii).

WIA Section 117(b)(2)(A)(i-vi) states, in part, that membership of the local workforce investment board shall include representatives of business in the local area who are owners of businesses, chief executives or operating officers of business, and other business executives or hiring authority; represent businesses with employment opportunities that reflect the employment opportunities of the local area; and are appointed from among individuals nominated by local business organizations and business trade associations.

Finally, WIA Section 117(b)(2)(A)(i-vi) states, in part, that membership of the local workforce investment board shall also include representatives of local educational entities, including representatives of local educational agencies, local school boards, entities providing adult education and literacy activities, and postsecondary educational institutions (including representatives of community colleges, where such entities exist), selected from among individuals nominated by regional or local educational agencies, institutions, or organizations representing such local education entities.

Observation:

The Los Angeles County Workforce Investment Board (LACWIB) contains a member from Mt. San Antonio College who was appointed as business representative. Mt. San Antonio College is an education entity and therefore should not represent business. Additionally, we observed that LADCSS' WIB lacks one of two required labor representatives. The second labor representative has been missing for approximately 2 years.

In its response to the PY 2006-07 Program Review Draft Report, LADCSS stated that it contacted the Development Director, Los Angeles County Federation of Labor, AFL-CIO to request the nomination of labor representatives from the Federation for membership to the Los Angeles County Workforce Investment Board (LACWIB). When these labor nominations are finalized by the Federation and approved by the LACWIB, the names and labor affiliations will be forwarded to the State Employment Development Department (EDD) per the State directive on WIB Certification. However, the LADCSS never provided CRD with a timeline for completing these actions.

While on-site conducting the PY 2007-08 Program Review, LADCSS provided a letter, dated September 26, 2007, requesting

potential candidates for consideration. According to LADCSS that list was to be provided by January 31, 2008.

On April 24, 2008 we received LADCSS' response to the PY 2006-07 Final Program Report. A second labor representative has been nominated and it is anticipated that the appointment will be confirmed by June 30, 2008. Additionally, LADCSS followed up with the Los Angeles County Federation of Labor on March 10, 2008 and will continue to work with the present labor representative to identify potential candidates. If there is no progress within the next two weeks, LADCSS will seek the State's guidance on the best approach to fill the seats. The LADCSS plans on filling the remaining seats by September 30, 2008, but will provide CRD with an update by June 30, 2008.

Recommendation: We recommended that LADCSS provide CRD with a CAP, including a timeline, for appointing a new business representative to the LACWIB or demonstrate how the educational entity above meets the criteria of a representative of business including how this member was appointed from among individuals nominated by local business organizations and business trade associations.

Regarding the labor representatives, if no progress has been made to fill the labor vacancies, we recommended that LADCSS follow the April 24, 2008 CAP to request technical assistance from its Regional Advisor.

Finally, we recommended that LADCSS provide CRD with documentation demonstrating that these appointments have been made and an updated copy of the LACWIB membership roster.

LADCSS Response: Regarding the WIB member from Mt. San Antonio College who was appointed as business representative, LADCSS stated that a recommendation will go before the LACWIB on September 11, 2008 to re-designate this representative as an education representative. The re-designation of the Mt. San Antonio College appointment (from business to education) will allow LADCSS to fill a vacancy for a representative of local education recently created by the resignation of a WIB member. Additionally, this re-designation will not affect the business majority membership.

Regarding the labor representatives, LADCSS stated that it is implementing SB 293 Chapter 4, Article 1, Section 14202(c) that stipulates at least 15-percent of the local board members shall be representatives of labor organizations unless the local labor federation fails to nominate enough members. If this occurs, then at least 10-percent of the local board members shall be representatives of labor organizations. The LADCSS is attempting to recruit enough labor representation to meet the 10-percent threshold. In order for LADCSS to meet the 10-percent labor representation, LADCSS must nominate and appoint three labor representatives; three individuals have been nominated and will go before the Board of Supervisors (BOS) for final approval on August 12 and 19, 2008. The LADCSS provided CRD the chronology of attempts (beginning August, 2007) to obtain nominations including supporting documentation (i.e. letters and e-mails). On August 29, 2008, LADCSS provided documentation that two of the three nominations were confirmed by the BOS.

The LADCSS provided CRD a copy of its current WIB roster and stated that it would provide CRD updates as nominations and approvals are made.

State Conclusion: The LADCSS' stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we receive confirmation that the final labor representative appointment has been made and LADCSS provides CRD a revised WIB roster demonstrating those appointments. Until then, this finding is assigned CATS number 80121.

FINDING 3

Requirement: 20 CFR Section 667.410(a) states, in part, that each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors.

WIAD00-7 states, in part, that the monitoring of subrecipients follow a standardized review methodology that will result in written reports which record findings, any needed corrective actions, and due dates for the accomplishment of corrective actions. Additionally, the monitoring of subrecipients require systematic follow-up to ensure that necessary corrective action has been taken.

Observation:

The County of Los Angeles Department of Auditor-Controller (A-C) conducts the on-site reviews and issues the monitoring reports on behalf of LADCSS. The LADCSS conducts the follow-up for issues identified in the monitoring reports. We found the following:

For PY 2005-06: A-C had issued all 46 monitoring reports. The final PY 2005-06 monitoring report was issued June 15, 2007; all 46 reports had one or more finding still open. The LADCSS PY 2005-06 summary tracking sheet identifies approximately \$491,052 in questioned costs that have not been resolved. This figure does not include questioned costs (such as those related to participant eligibility or over billings), that have not been calculated.

For PY 2006-07: A-C had not issued 11 of 43 PY 2006-07 monitoring reports including reports for LA Works, SASSFA, and Hub Cities, who collectively received approximately \$5 million dollars in funding for PY 2006-07. In addition, the LADCSS PY 2006-07 summary tracking sheet identifies approximately \$106,615 in questioned costs that have not been resolved. Similarly, this figure does not include questioned costs (such as those related to participant eligibility or over billings) that have not been calculated.

For PY 2007-08: A-C had not issued 38 of 42 PY 2007-08 monitoring reports. Of the four reports issued, a CAP was developed for each issue area, but some did not include specific due dates.

Recommendation: We recommended that LADCSS:

- Provide CRD with a CAP and timeline, for LADCSS to conduct follow-up on open issues from both the PY 2005-06 and 2006-07 monitoring reports including when/how questioned costs will be become part of a debt collection process. Additionally, the CAP should include how timelines/CAPs will be established for entities that do not provide a specific timeline in the CAP attached to the final report or disagree with the recommendation and provide no CAP and/or timeline. Finally, the CAP should include how LADCSS will ensure that all PY 2006-07 monitoring will be completed and the reports issued.

- Because LADCSS already has directives in place, we recommend that LADCSS explain how the re-issuance of the same directives will resolve the deficiencies in its program. Otherwise, we recommend that LADCSS specify the actions it will take to ensure that its subrecipients implement the necessary corrective action to resolve the identified issues.

LADCSS Response: First, LADCSS provided the following timeline and CAP to resolve questioned costs for PYs 2005-06 and 2006-07:

1. Review monitoring reports to identify re-occurring and/or outstanding findings – November 2007.
2. Re-issue directives – January 2008 (to ensure that all subrecipients have received correct and current policies and procedures).
3. Internal meetings – February to March 2008.
4. Send letters to subrecipients to resolve findings – March to August 2008.
5. Training for LADCSS staff – July and August 2008.
6. Technical assistance training for subrecipients – October and November 2008.
7. Resolve all questioned costs – December 2008.
8. On-site technical assistance visits to subrecipients – January to June 2009.

Additionally, LADCSS sent its subrecipients an Audit Findings form itemizing issues from the Department of Labor (DOL), Employment Development Department (EDD), and County Auditor-Controller (A-C) monitoring findings to be signed as part of the execution of new contracts. By signing the form, the subrecipient agrees to correct the finding and/or pay the disallowed cost within 60 days of execution of contract.

Second, LADCSS provided the following regarding how timelines/CAPs will be established for entities that do not provide a specific timeline in the CAP attached to the final report or

disagree with the recommendation and provide no CAP and/or timeline.

1. The A-C sends an engagement letter to each subrecipient prior to commencing monitoring which includes advising the agency it may have to provide a written response within ten business days of receipt of the final draft report and submit a CAP with target dates at the conclusion of the review.
2. At the time the draft report is issued to the subrecipient, the A-C sends an e-mail requesting each agency submit a written response and a CAP that includes target dates.
3. If the subrecipient does not provide the A-C with a CAP with target dates and/or disagreement/documentation that resolves a finding, LADCSS will send a letter requesting the missing information/documentation.

Third, LADCSS states that all PY 2006-07 monitoring reviews have been completed. As of August 4, 2008, 42 of 43 final reports have been issued; the Hub Cities report is the final PY 2006-07 monitoring report in progress. Additionally, LADCSS states that for PY 2007-08, the A-C has issued 17 monitoring reports. The A-C indicates that it targets issuing the remaining reports for PY 2007-08 by August 31, 2008.

State Conclusion: The LADCSS' stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, LADCSS' successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80122.

FINDING 4

Requirement: WIA Section 185(c)(2) states, in part, that each Local Board and each recipient receiving funds shall maintain comparable management information systems, designed to facilitate the uniform compilation and analysis of programmatic and financial data necessary for monitoring and evaluating purposes.

In addition, WIA 185 Section(d)(1)(B) states, in part, that information to be included in reports shall include information

regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

The Department of Labor, Training and Employment Guidance Letter (TEGL) 17-05 states, in part, that the term program exit means a participant has not received a service funded by the program or funded by a partner program for 90 consecutive calendar days, and is not scheduled for future services. The exit date is the last date of service.

Additionally, TEGL 17-05 states, in part, that once a participant has not received any WIA funded or partner services for 90 days (except follow-up services, and there is no planned gap in service or the planned gap in service is for reasons other than those related to health/medical condition and delay in training) that participants must be exited from WIA. The exit date is the last date of WIA funded or partner received services.

Observation:

We found 3 of 42 participant case files included gaps in services that ranged between 99 and 197 days. Although some of these participants received various mailings, e-mail messages, telephone contacts or attempted telephone contacts, no WIA services were provided to these three participants. Eventually, these participants were contacted and began receiving services.

Additionally, we found five participant case files where an exit form was completed and follow-up was conducted, but the exit was not recorded in the Job Training Automation (JTA) system. According to case file documents, these participants should have been exited from the JTA system three months to three years ago.

We found similar issues during the PY 2003-04 and PY 2006-07 Program reviews. In response to the PY 2006-07 finding, LADCSS stated that by November 2007, it would issue a local directive that is the equivalent of WIAD04-17 and provide instructions on the proper documentation for recording participant's service gaps beyond the 90 day limit. On January 11, 2008, LADCSS issued a memo that stated, "All recipients of WIA funds will submit client data via the JTA system, complying with the specifications for each data field." The memo refers

subrecipients to State directive WIAD04-17 – the WIA JTA System Client Forms Handbook.

Recommendation: Regarding the five participants who were exited, but not reported in the JTA system, we recommended that LADCSS report these exits immediately and send CRD documentation of its actions. Although, LADCSS issued local directive LACOD-WIAD08-2 on January 11, 2008, this directive does not include any specific instructions regarding 90-day gaps in services or address the issue of participant's case files where an exit form was completed and follow-up was conducted, but the exit was not recorded in the Job Training Automation (JTA) system. Therefore, we recommended that LADCSS provide CRD with a CAP, including a timeline explaining how it will ensure that, in the future, no more than 90 days will lapse without providing and documenting services provided to participants, or exit the participants as of the last date of receipt of service and ensure that the exit information is recorded in the JTA system.

LADCSS Response: Regarding the five participants who were exited, but not reported in the JTA system, LADCSS provided copies of JTA enrollment and exit forms demonstrating that the information is now recorded in the JTA system.

The LADCSS' timeline and CAP, to ensure that, in the future no more than 90 days will lapse without providing and documenting services provided to participants, or exit the participants as of the last date of receipt of service and ensure that the exit information is recorded in the JTA system includes:

- 1) The issuance of a directive, titled "The Documentation of WIA Participant Data in the Job Training Automation (JTA) System" on July 31, 2008. This directive states that WIA contractors are required to input and update participant information, including exits, by the 12th of the month, for the previous month activities. Additionally, the directive reminds WIA contractors that a participant must be exited from the program within 90 days of the end date of the last service or training provided to the participant.
- 2) LADCSS will provide technical assistance training to WIA contractors (target completion date November 25, 2008).

- 3) LADCSS will conduct site visits to WIA subcontractors to address systemic issues (target completion date June 30, 2009).

State Conclusion: The LADCSS' stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, LADCSS' successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80123.

FINDING 5

Requirement: WIA Section 101(8) states, in part, that customized training that is designed to meet the special requirements of an employer, is conducted with a commitment by the employer to employ an individual on successful completion of the training, and for which the employer pays for not less than 50-percent of the cost of training.

29 CFR Section 663.310 states, in part, that training services may be made available to adult and dislocated workers who:

1. Have met the eligibility requirements for intensive services, have received at least one intensive service, and have been determined unable to obtain or retain employment through such services.
2. After an interview, evaluation, or assessment, and case management, have been determined by a One-Stop operator/partner to be in need of training services; and
3. Select a training program that is directly linked to the employment opportunities either in the local area or in another area which the individual is willing to relocate; and
4. Are unable to obtain grant assistance from other sources to pay the cost of such training including Federal Pell Grants.

29 CFR Section 663.430 states, in part, that contracts for services may be used instead of Individual Training Account (ITA) when the services are on-the-job training or customized training; when the Local Board determines that there are an insufficient

number of eligible providers in the local area to accomplish the purpose of a system of ITA; when the Local Board determines that there is a training services program of demonstrated effectiveness offered in the area by a community based organization or another private organization to serve special participants populations.

29 CFR Section 663.440 states, in part, that training services must be provided in a manner that maximizes informed consumer choice in selecting an eligible provider. An individual who has been determined eligible for training services may select a provider after consultation with a case manager. Unless the program has exhausted training funds for the program year, the operator must refer the individual to the selected provider and establish an ITA for the individual to pay for training.

Observation:

We reviewed 14 Compton CareerLink case files and found that 9 participants attended or were attending the same truck driving school, Dootson School of Driving (Dootson) and found that the case files did not contain an ITA, or other training related documentation required as part of 29 CFR Section 663.310. We interviewed Compton staff who stated that the individuals attending Dootson were part of a customized training program involving the employer Parsec. However, Compton staff also stated that Parsec does not pay at least 50-percent of the training nor is the training designed to meet the special requirements of Parsec. It appears from the documentation reviewed and interviews with Compton staff, that Dootson is not part of a customized training program, but is a provider of occupational skills training

Compton CareerLink does not utilize other truck driving schools on the Eligible Training Provider List (ETPL) which may indicate that truck driving training services is not being provided in a manner that maximizes informed consumer choice. Compton staff stated that Compton CareerLink worked solely with Dootson because Dootson provided a better price for its training and was located closer to the participants. However, the ETPL shows that there are two other schools with comparable tuitions and both are located closer to Compton CareerLink. In summary, Compton CareerLink did not provide documentation that demonstrated that Dootson provided a better price and/or location for the

participants or how the sole utilization of Dootson maximizes informed consumer choice in selecting an eligible provider.

Recommendation: We recommended that LADCSS provide CRD with documentation demonstrating that the Dootson/Parsec program is a customized training program (where contracts for services may be utilized) or provide CRD with CAP, including a timeline, to ensure that, in the future, its subrecipient, Compton CareerLink follow the ITA process and requirements under 29 CFR Section 663.310. Additionally, we recommend that the CAP include how Compton's truck driving training services will be provided in a manner that maximizes informed consumer choice in selecting an eligible provider.

LADCSS Response: The LADCSS requested additional documentation from Compton Careerlink by August 22, 2008 demonstrating that the Dootson/Parsec truck driving program is a customized training program and requesting the ITAs for the nine participants noted above.

Additionally, LADCSS stated to ensure that, in the future, Compton CareerLink follows the ITA process and requirements under 29 CFR Section 663.310, LADCSS will:

1. LADCSS will provide technical assistance training to WIA contractors (target completion date November 25, 2008); the training will address the requirement that truck driving training services must be provided in a manner that maximizes informed consumer choices in selecting an eligible provider.
2. LADCSS will conduct site visits to WIA subcontractors to address systemic issues (target completion date June 30, 2009); a site visit to Compton CareerLink is scheduled for January 5-6, 2009.

State Conclusion: Based on LADCSS response, we cannot resolve this issue at this time. Although, LADCSS' CAP is sufficient, LADCSS has not yet received documentation from Compton CareerLink to determine whether or not the Dootson/Parsec program is a customized training program. Therefore, this finding remains open and has been assigned CATS number 80124.

FINDING 6

Requirement: OMB A-87 Attachment A(C)(1)(j) states, in part, that for a cost to allowable it must be adequately documented.

Observation: The City of Compton entered into a contract (WIA Off-the-Shelf Vendor/Voucher Training Agreement) with the Dootson School of Trucking. This contract term is from November 1, 2007 through June 30, 2008. Exhibit B of the contract states that the cost of the training is \$2,895 and includes tuition, books, materials/supplies, any exams, and uniforms. However, the Enrollment Agreement signed between the participant and Dootson states that the tuition is \$3,696 and other fees (registration fee, Department of Transportation physical and books, Department of Motor Vehicle permit, manual) is \$299 for a total of \$3,995. It appears that Dootson is in violation of its contract with the City of Compton by overcharging the WIA program.

Recommendation: We recommended that LADCSS provide documentation explaining the discrepancy between the cost of the Dootson training identified in the contract (\$2,895) and the cost apparently being charged based on the Enrollment Agreement signed between the participant and Dootson (\$3,995). If the excess amount is not justified, Dootson will need to reimburse the WIA program for amount overcharged.

LADCSS Response: The LADCSS requested documentation from Compton CareerLink to explain the discrepancy between the cost of the Dootson training identified in the contract and the enrollment agreement signed between the participant and Dootson by August 22, 2008. If the documentation does not justify the excess amount, LADCSS will proceed to collect the amount overcharged by no later than December 31, 2008.

State Conclusion: Based on LADCSS response, we cannot resolve this issue at this time. Although, LADCSS' CAP is sufficient, LADCSS has not yet received documentation from Compton CareerLink explaining the discrepancy between the cost of the Dootson training identified in the contract and the enrollment agreement signed between the participant and Dootson. Therefore, this finding remains open and has been assigned CATS number 80125.

FINDING 7**Requirement:**

20 CFR Section 667.630 states, in part, that information and complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately through the Department of Labor's Office of Inspector General (OIG).

WIAD02-3 states, in part, that each subrecipient shall establish appropriate internal program management procedures to prevent and detect fraud, abuse, and criminal activity. These procedures must include a reporting process to ensure that OIG and CRD are notified immediately of any allegations of WIA-related fraud, abuse, or criminal activity. Internal management procedures must be in writing and include the designation of a person on the subrecipients' staff who will be responsible for such notifications.

Additionally, lower-tier subrecipients will establish, document, and implement procedures to immediately notify the funding entity of any suspected or proven fraud, abuse, or other criminal activity involving WIA-funded activities. Funding entities must provide written notification to lower-tier subrecipients regarding their responsibilities to be alert for instances of fraud, abuse, and criminal activity committed by staff, contractors, or program participants and to report all such instances to the funding entity, OIG and CRD immediately. Proof of this notification must be maintained in the funding entity's files.

Finally, subrecipients detecting the presence or appearance of fraud, abuse, or other criminal activity must obtain sufficient information to provide a clear, concise report of each incident. Reports must include a statement of all facts, known at the time, as well as any known or estimated loss of WIA funds resulting from the incident. It is important that an initial report is made to OIG and CRD within one working day of the detection of the incident. The submission of an incident report should not be delayed even if all facts are not readily available. Any facts subsequently developed by the subrecipient are to be forwarded in a supplemental incident report.

Observation:

The LADCSS' PY 2006-07 CAP stated that by November 2007, it would issue a local directive that is the equivalent of WIAD02-3 on Incident Reporting. Additionally, LADCSS would refill a staff

position that will assist in reviewing Incident Reporting procedures of its subrecipients to ensure compliance with WIAD02-3. On January 11, 2008, LADCSS issued local directive LACOD-WIAD08-05, Incident Reporting. As of the time of the PY 2007-08 Program review, LADCSS had not reviewed the Incident Reporting procedures of its subrecipients to ensure compliance with WIAD02-3. We visited three LADCSS subrecipients and found that none of the three had its own Incident Reporting procedures, but each was aware of LADCSS' January 11, 2008 e-mail that contained several directives.

On January 29, 2008, we found an entry on LADCSS' PY 2006-07 monitoring tracking document that strongly indicated that some type of allegation had been made against an LADCSS subrecipient and that the subrecipient was now refusing LADCSS access to its records. We interviewed LADCSS compliance manager and found that the original allegations were made to LADCSS staff on October 1, 2007. The LADCSS' management decided to investigate the allegations and not immediately report the allegations to CRD and OIG as required. While on-site, we recommended that LADCSS file an Incident Report immediately. Finally, on January 30, 2008, LADCSS filed an Incident Report with CRD and OIG regarding the allegations identified on the PY 2006-07 monitoring tracking document. However, the incident report was not filed for over three months after the original allegations were made.

Recommendation: We recommended that LADCSS complete its PY 2006-07 CAP to review its subrecipient's Incident Reporting procedures and ensure compliance with WIAD02-3. We recommended that LADCSS provide CRD with a timeline to complete this action.

Additionally, we recommended that LADCSS provide CRD with a CAP, including a timeline, to ensure that all LADCSS staff is aware of its responsibilities regarding Incident Reporting including the requirement to report allegations of WIA-related fraud, abuse, or criminal activity within one working day of the detection of the incident.

LADCSS Response: The LADCSS stated that it is scheduling site visits and providing technical assistance to contractors starting in August 2008 and completing in June 2009; during these site visits, LADCSS staff will review its subrecipient's incident reporting procedures to

ensure compliance. Additionally, LADCSS issued a memorandum to its staff on August 21, 2008 reminding them of their responsibilities regarding incident reporting.

State Conclusion: The LADCSS' stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, LADCSS' successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80126.

FINDING 8

Requirement: 20 CFR Section 667.275(a)(1) states, in part, that recipients must comply with the nondiscrimination provisions and equal opportunity (EO) provisions.

State Directive WSD07-6 states, in part, that each local workforce investment area must designate an Equal Opportunity (EO) Officer who is responsible for coordinating its obligation under EO regulations. The EO Officer's responsibilities include reviewing the organizations and its subrecipients written policies.

Additionally, WSD07-6 states, in part, that initial and continuing notice of nondiscriminatory practices and the right to file a complaint must be posted in prominent locations, made available to each participant, and included in each participant's file. A copy of an acknowledgement of receipt must be signed by the participant. Where the participant's file is maintained electronically, a record of such notice shall be documented in the participant's file.

Los Angeles County WIA Adult, Dislocated Workers and Youth Directive NonDiscrimination and Equal Opportunity Procedures, Number LACOD-WIAD08-3, states, in part, that each agency receiving WIA funding must establish written procedures incorporating all the nondiscrimination/EO policies required by the attached State Directive. Additionally, all agencies must have publicly posted nondiscrimination/EO policies and must include a copy of its nondiscrimination/EO information (acknowledgement form and a copy of the procedures) in each active participant's case file.

Observation:

We reviewed the nondiscrimination/EO information provided to participants for three of LADCSS' subrecipients and found the following:

- Los Angeles Urban League's (LAUL) nondiscrimination/EO information does not contain all of the information required in WSD07-6. Specifically, LAUL's nondiscrimination/EO information does not include the time limit for filing (180 days) or describe the process timeline (written Notice of Final Action within 90 days). Additionally, LAUL's nondiscrimination/EO information still refers to Walter Bogaardt as LADCSS's EO Officer; Mr. Bogaardt was replaced in 2005. Finally, LAUL's nondiscrimination/EO information informs participants that they may file with either the CRC or EDD.
- Southeast Area Social Services Funding Authority's (SASSFA) nondiscrimination information/EO does not contain all of the information required in WSD07-6. Specifically, SASSFA's nondiscrimination/EO information does not describe the process timeline (written Notice of Final Action within 90 days). Additionally, SASSFA's nondiscrimination/EO information does not include filing information for the recipient's EO officer.
- Compton CareerLink's nondiscrimination/EO information does not inform participant's that they may file with either the recipient's EO Officer or the CRC. Additionally, the nondiscrimination information does not define the bases for discrimination (race, color etc.) or describe the areas (deciding who will be admitted to the WIA program) that the recipient must not discriminate in. Finally, Compton CareerLink's nondiscrimination/EO information is combined with its grievance/complaint information and it is difficult to discern which timelines/appeals apply to which process.

Additionally, Compton's participant case files contained the participant's signed acknowledgement of right to file a nondiscrimination/EO complaint, but did not contain a copy of the procedures that participants received.

Finally, Compton did not have its nondiscrimination/EO policies/procedures publicly posted in one of its main lobby areas.

We found similar issues (content of participant notification and public posting) in PYs 2003-04 and 2006-07.

The LADCSS PY 2006-07 CAP stated that it would issue a nondiscrimination/EO directive by November 2007. The LADCSS issued directive LACOD-WIAD08-3, NonDiscrimination and Equal Opportunity Procedures, on January 11, 2008. In addition, LADCSS stated it would ensure that each subrecipient publicly posts nondiscrimination/EO policies and place a copy in each active participant case file, including the acknowledgement form and a copy of the procedures on nondiscrimination/EO complaint filing.

Recommendation:

We recommended that LADCSS provide CRD with a CAP, including a timeline, which describes how LADCSS will ensure its subrecipients:

1. Provide participants with nondiscrimination/EO information that contains all of the requirements of WSD07-6.
2. Include a copy of its nondiscrimination/EO information (acknowledgement form and a copy of the procedures) in each active participant's case file.
3. Have publicly posted nondiscrimination/EO policies.

LADCSS Response: The LADCSS updated its Nondiscrimination and Equal Opportunity Procedures directive (LACOD-WIAD08-36, Revised, July 16, 2008) and released it to its subrecipients on August 1, 2008 by certified mail. The directive instructs LADCSS' subrecipients that they must:

- Provide participants with nondiscrimination/EO information that contains all of the requirements of WSD07-06;
- Include a copy of the nondiscrimination/EO information in each participant's case file; and

- Publicly post the nondiscrimination/EO policies.

Additionally, LADCSS will:

- Provide technical assistance training to WIA contractors (target completion date November 25, 2008); and
- Conduct site visits to WIA subcontractors to address systemic issues (target completion date June 30, 2009).

State Conclusion: The LADCSS' stated corrective action should be sufficient to resolve this issue and no further action is required at this time. However, we cannot close this issue until we verify, during a future onsite visit, LADCSS' successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80127.

Please note that the State has issued a Nondiscrimination and Equal Opportunity Procedures draft directive (WSDD-17) for comment.

FINDING 9

Requirement: 20 CFR Section 667.600(a)(b) states, in part, that each local area, State and direct recipient of WIA funds, must establish and maintain a procedure for grievances and complaints according to the requirements of this section. Each local area, State, and direct recipient must provide information about the content of the grievance and complaint procedures to participants and other interested parties affected by the local Workforce Investment System.

WIAD03-12 states, in part, that all LWIAs and subrecipients must make reasonable efforts to assure that information about the content of the grievance and complaint procedures will be understood by affected participants. Additionally, the initial and continuing notice of the local grievance and complaint procedures instructions on how to file a complaint must be:

- Posted in a public location.
- Made available to each participant. A copy of a written description of the local grievance and complaint policy and

procedures shall include: (1) Notification that the participant has a right to file a grievance or complaint at any time within one-year of the alleged violation; (2) Instructions and timeline for filing a grievance or complaint; and (3) notification that the participant has the right to receive technical assistance. Such information shall be modified, as needed, whenever the procedures are changed.

- Included in each participant's file. A copy of an acknowledgement of receipt shall be signed by the participant.

Observation:

We reviewed the grievance/complaint information provided to participants for three of LADCSS' subrecipients and found the following:

- LAUL grievance/complaint does not include the requirement that the LWIA has the responsibility to provide technical assistance to participants or the process timeline (local level hearings to be conducted within 30 days of filing, written decision within 60 days etc.). Additionally, it does not include the contact information for filing an appeal with the State Review Panel. Finally, LAUL grievance/complaint policies/procedures are not publicly posted.
- SASSFA does not include the requirement that the LWIA has the responsibility to provide technical assistance to participants or include the time limit for filing (1 year). Additionally, SASSFA's grievance/complaint information does not include the entire process timeline (local level hearings to be conducted within 30 days of filing) or include the contact information for filing an appeal with the State Review Panel.
- Compton CareerLink grievance/complaint does not include the requirement that the LWIA has the responsibility to provide technical assistance to participants. Additionally, Compton's grievance/complaint information is combined with its nondiscrimination/EO information in such a way that it is difficult to discern what timelines or appeals process applies to each type of complaint.

Additionally, Compton's participant case files contained the participant's signed acknowledgement of right to file a

grievance/complaint, but did not contain a copy of the procedures that participants received.

Finally, LAUL and Compton did not have its grievance/complaint publicly posted.

We found similar issues (content of participant notification and public posting) in PY 2006-07.

The LADCSS PY 2006-07 CAP stated that it would issue a local directive that is the equivalent of WIAD03-12 by November 2007. The LADCSS issued directive LACOD-WIAD08-4, Grievance and Complaint Procedures, on January 11, 2008. In addition, LADCSS stated it would ensure that each subrecipient publicly posts grievance/complaint information and place a copy in each active participant case file, including the acknowledgement form and a copy of the procedures on grievance/complaint filing.

Recommendation: We recommended that LADCSS provide CRD with a CAP, including a timeline, which describes how LADCSS will ensure its subrecipients:

1. Provide participants with grievance/complaint information that contains all of the requirements of WIAD03-12.
2. Include a copy of its grievance/complaint information (acknowledgement form and a copy of the procedures) in each active participant's case file.
3. Have publicly posted grievance/complaint policies.

LADCSS Response: The LADCSS stated it updated its Nondiscrimination and Equal Opportunity Procedures (directive (LACOD-WIAD08-36, Revised, July 16, 2008) and released it to its subrecipients on August 1, 2008 by certified mail.

The directive instructs LADCSS' subrecipients that they must:

- Provide participants with a signed copy of WIA Complaint/Grievance Procedures Acceptance form; and
- Must include a copy of the grievance/complaint form and procedures in each participant's case file.

Additionally, LADCSS will:

- Provide technical assistance training to WIA contractors (target completion date November 25, 2008); and
- Conduct site visits to WIA subcontractors to address systemic issues (target completion date June 30, 2009).

State Conclusion: The LADCSS' stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, LADCSS' successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80128.

Please note that on September 3, 2008, the State issued a revised Grievance and Complaint Procedures directive (WSDD-17). The LADCSS may modify its CAP according to the contents of this directive.

FINDING 10

Requirement: WIA 101(9)(A) states, in part, that the term "dislocated worker" means an individual who:

- Has been terminated or laid off, or who have received a notice of termination or layoff, from employment; and
- Is eligible for or has exhausted entitlement to unemployment compensation; or has been employed for a duration sufficient to demonstrate attachment to the workforce, but insufficient earnings or having performed services for an employer that were not covered under a State unemployment compensation law; and
- Is unlikely to return to a previous industry or occupation.

Observation: We found 9 of 21 dislocated worker participant case files where the documentation was insufficient to establish that the participant was laid off/ terminated and/or were unlikely to return to a previous industry or occupation. Some case files contained participant statements stating that the participant was receiving

unemployment compensation, but the case files did not contain documentation to determine if the participant was laid off/terminated or why the participant was unlikely to return to a previous industry or occupation.

We found a similar issue related to youth eligibility in PY 2006-07.

Recommendation: We recommended that LADCSS provide CRD with documentation to substantiate the eligibility of the 9 dislocated worker participants identified above. If LADCSS is unable to provide the documentation, then CRD recommended that LADCSS submit a CAP, including a timeline, to address the above participant eligibility as the costs associated with these participants may be considered questioned costs.

LADCSS Response: The LADCSS requested supporting documentation from its subrecipients to substantiate the eligibility of the nine participants noted above; one subrecipient provided information (currently under review by LADCSS) and another is expected to provide information by August 22, 2008. If the documentation remains insufficient to establish dislocated worker eligibility, LADCSS will proceed to determine and collect the questioned cost by no later than December 31, 2008.

State Conclusion: Based on LADCSS response, we cannot resolve this issue at this time. Although, LADCSS' CAP is sufficient, LADCSS has not provided CRD with documentation substantiating the dislocated worker eligibility of the participant noted above. Therefore, this finding remains open and has been assigned CATS number 80129.

FINDING 11

Requirement: WIA Section 189(h) requires that participants must not have violated Section 3 of the Military Selective Service Act, which requires that every male citizen and every other male residing in the United States must register with the Selective Service System (SSS) between their 18th and 26th birth dates.

WIAD04-18 states, in part, that all males who are at least 18 years of age and born after December 31, 1959, and who are not in the armed services on activity duty, must be registered for Selective Service.

WIAD01-4 states, in part, that when evaluating the documentation and statements provided by the applicant, staff must consider whether the failure to register was knowing and willful. Persons with less than honorable discharges from the armed forces or less than total paralysis may be determined eligible by demonstrating that they did not knowingly and willfully fail to register with the SSS.

Observation:

We found two participants whose selective service registration was not adequately documented. The first participant's case file (born in 1960, age 46) included a letter from the SSS that stated, in part, that the participant was required to register with selective service, but had not registered and that any explanation to justify his failure to register must be made to the agency administering the right, benefit, or privilege you seek. There was no other documentation in the case file (participant statement etc.) that explained how this participant did not knowingly and willfully fail to register with the SSS. The second participant's case file (born in 1971, age 36) contained a SSS on-line verification that stated, in part, that the social security account number the participant submitted for on-line verification matches more than one record in SSS files and the SSS cannot verify the participant's registration at this time. There was no other documentation in the case file related to the participant's SSS registration.

We found a similar issue in PY 2006-07. The LADCSS' PY 2006-07 CAP stated that by November 2007, LADCSS would issue local directive that is the equivalent of WIAD04-18 and would cover the criteria and documentation requirements for Selective Service Registration procedures. On January 11, 2008, LADCSS re-issued State Directive WIAD04-18 WIA Title I Eligibility to its subrecipients via e-mail. However, this directive covers a variety of topics and does not specifically address the issue of SSS registration.

Recommendation: We recommended that LADCSS provide CRD with SSS documentation regarding the two participants noted above. Additionally, we recommended that LADCSS provide CRD with CAP, including a timeline, which will provide its subrecipients with specific instructions regarding the registration of participants with the SSS.

LADCSS Response: The LADCSS is reviewing the documentation it received from its subrecipient regarding SSS registration; LADCSS may need to request additional documentation from its subrecipient.

In addition, LADCSS issued a Selective Service Registration directive (LACOD-WIAD08-1) that clarifies that all males who are at least 18 years of age and born after December 31, 1959 must be registered for selective service.

Additionally, LADCSS will:

- Provide technical assistance training to WIA contractors (target completion date November 25, 2008); and
- Conduct site visits to WIA subcontractors to address systemic issues (target completion date June 30, 2009).

State Conclusion: Based on LADCSS response, we cannot resolve this issue at this time. Although, LADCSS' CAP is sufficient, LADCSS has not yet received selective service documentation from its subrecipient. Therefore, this finding remains open and has been assigned CATS number 80130.

FINDING 12

Requirement: 20 CFR Section 663.105(b) states, in part, that adults and dislocated workers who receive services funded under WIA other than self-service or informational activities must be registered and determined eligible.

Observation: We found 7 participants who participated in the development of an Individual Employment Plan (IEP) with a case manager prior the participant being registered in the WIA program.

We found a similar issue in PY 2006-07 when 18 youth participants received an Individual Service Strategy (ISS) and/or objective assessment prior to the participant's registration into the WIA program.

Recommendation: We recommended that LADCSS develop a CAP, including a timeline, to ensure that services/activities that require registration are only provided after the participant is registered.

LADCSS Response: The LADCSS stated that it will:

- Provide technical assistance training to WIA contractors (target completion date November 25, 2008); and
- Conduct site visits to WIA subcontractors to address systemic issues (target completion date June 30, 2009).

State Conclusion: The LADCSS' stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, LADCSS' successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80131.

FINDING 13

Requirement: 20 CFR Section 667.410(a)(1) states, in part, that it is the responsibility of each recipient to conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine that expenditures have been made against the cost categories and within the cost limitations specified in WIA and the regulations.

WIAD04-4 states, in part, that all subrecipients of WIA funds must produce and maintain written policy and procedures at the local level to ensure the recovery of unused WIA training monies. The policy/procedure should include, but not be limited to:

- Who is the party responsible for acknowledging or determining a refund is due for early termination of a participant's training.
- How often the participant is tracked to determine the participant is still receiving training and to ensure prompt return of any unused training monies.
- Who is responsible for the collection process of any outstanding training and/or tuition refund.

The LADCSS' Adult and Dislocated Worker Directive D-DWA-04-025, Recovery of WIA Tuition and Training Refunds states, in part, that all WIA contractors are required to have policies and procedures in place to recover WIA training and/or refunds.

Observation: We visited three LADCSS subrecipients and found that two did not have Recovery of WIA Tuition and Training Refunds policies. The third had a Recovery of WIA Tuition and Training Refunds policy, but it did not contain all of the requirements of WIAD04-4.

We found a similar issue in PY 2006-07. The LADCSS' PY 2006-07 CAP stated that by November 2007, it would issue a local directive to their subrecipients that is the equivalent of WIAD04-4. On January 11, 2008, LADCSS re-issued Directive D-DWA-04-025, Recovery of WIA Tuition and Training Refunds policy.

Recommendation: We recommended that LADCSS provide CRD with a CAP, including a timeline, to ensure that all WIA service providers have WIA tuition and training refunds policy that contains all the requirements specified in WIAD04-4.

LADCSS Response: The LADCSS stated that it will:

- Provide technical assistance training to WIA contractors (target completion date November 25, 2008); and
- Conduct site visits to WIA subcontractors to address systemic issues (target completion date June 30, 2009).

State Conclusion: The LADCSS' stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, LADCSS' successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80132.

FINDING 14

Requirement: OMB Circular A-87(c)(1) states, in part, that to be allowable under Federal awards, costs must be adequately documented.

20 CFR Section 663.805(b) states, in part, that supportive service may only be provided when they are necessary to enable individuals to participate in WIA activities.

Observation: We reviewed 14 case files and the supportive service policies at three of LADCSS' subrecipients and found:

The SASSFA does not require participants to return receipts for gas cards/vouchers issued ensuring that the gas card/vouchers were used for their intended purpose.

The LAUL provided 5 participants gas cards/vouchers without documentation to support the amount (mileage from home to school/job interview etc.) or frequency (training attendance records, job search log) of the gas cards/vouchers; according to LAUL staff its policy does not require this type of documentation. The LAUL also did not require participants to return receipts for gas cards/vouchers issued. Finally, for 4 participants, LAUL did not maintain documentation demonstrating the supportive services (books, work boots etc.) were necessary (book list from school, letter from employer etc.) to enable individuals to participate in WIA activities.

The Compton CareerLink provided 3 participants bus/regional transit tokens/passes without documentation to support the frequency (training attendance records, job search log) of the bus/regional transit tokens/passes.

On January 16, 2008, LADCSS issued a draft directive LACOD-WIAD08-10 Supportive Services for public review and comment. The draft directive would require WIA contractors to adopt and implement procedures to accurately record the provision of WIA funded supportive services.

We found a similar issue in PY 2003-04.

Recommendation: We recommended that LADCSS provide CRD with a CAP, including a timeline, to issue local directive LACOD-WIAD08-10 Supportive Services, review its subrecipient supportive service policies for compliance, and ensure that, in the future, all supportive services are adequately documented. Additionally, we recommended that LADCSS provide documentation to justify the supportive services for the LAUL and Compton participants identified above.

LADCSS Response: The LADCSS is reviewing supportive service documentation received from LAUL and is in the process of obtaining documentation from Compton CareerLink (due August 22, 2008).

The LADCSS stated that local directive LACOD-WIAD08-10 Supportive Services was issued on March 17, 2008. However, based on the supportive service findings in this report, LADCSS will issue an updated directive on supportive services by August 31, 2008.

Additionally, LADCSS will:

- Provide technical assistance training to WIA contractors (target completion date November 25, 2008); and
- Conduct site visits to WIA subcontractors to address systemic issues (target completion date June 30, 2009).

State Conclusion: Based on LADCSS response, we cannot resolve this issue at this time. Although, LADCSS' CAP is sufficient, LADCSS has not provided CRD with documentation to justify the supportive services for the LAUL and Compton participants identified above. Therefore, this finding remains open and has been assigned CATS number 80133.

In addition to the findings above, we identified conditions that may become compliance issues if not addressed.

Specifically, LAUL has 32 10x10 cubicles that had been empty approximately 6-7 at the time of the review. LAUL staff stated the empty cubicles were the result of budget cut downsizing and the loss of One-Stop partner staff. We suggested that LADCSS ensure that the idle space at the LAUL location is addressed. Additionally, LAUL uses white-out on participant forms such as the application and enrollment/registration form without initialing and dating the change. We suggested that LADCSS ensure that LAUL avoid the use of white-out and if white-out is used, the changes are initialed and dated by the individual making the change.

In its response, LADCSS stated that it is currently working with LAUL to identify potential workforce related partners to utilize available space at the One-Stop Center. Additionally, LADCSS is preparing a letter to all contractors reminding them that white-out is prohibited on participant forms such as the application and enrollment/registration forms without initialing and dating the change. The letter was targeted for distribution by August 31, 2008. The LADCSS' response adequately addressed our concerns.

September 9, 2008

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than October 7, 2008.

Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Division
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is LADCSS' responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain LADCSS' responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact me at (916) 653-7541 or Ms. Mechelle Hayes at (916) 654-7005.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Jose Luis Marquez, MIC 50
Josie Marquez, Assistant Director
Daniel Patterson, MIC 45
Linda Patton-Finch, MIC 50
Georgeanne Pintar, MIC 50